

State of New Hampshire Internal Service Fund Management Letter for the Fiscal Year Ended June 30, 2014

Risk Management

Department of Administrative Services (DAS)

LBA Audit – Correction Action Plan / Audit Response

30 Month Progress Report: Nov 1, 2017

Completion Status

Open ●
Partial ●●
Substantial ●●●
Full ●●●●

#	Observation Title	Recommendation	Action Item	Due Date	Completion Status	Comments
1	Formal Risk Assessment	Establish a formal risk assessment process, supported by policies and procedures, for recognizing and responding to risks potentially affecting the RMU's operations.	Commenced project planning.	Ongoing	●●	Subject to limited staff and other resources.
2	Controls Over Enrollment Data	Perform periodic reconciliations between the enrollment data repository (NHFIRST) and information used by the benefit vendors to pay claims to ensure the vendors are only processing claims and collecting administrative fees for appropriate enrollees.	<ul style="list-style-type: none"> ° Currently, Express Scripts, Anthem, and Delta Dental administrative invoices are reconciled monthly with their respective administrative enrollment files. ° RMU has developed and documented processes to perform monthly enrollment reconciliations between administrative fee enrollment counts and NHFirst enrollment for all health benefit vendors. 	Completed	●●●●	
		Implement a secondary system review control for all changes made to plan enrollments to ensure changes are made accurately and appropriately and control procedures are documented.	<ul style="list-style-type: none"> ° On 4/23/15, Dependent Eligibility Verification Process completed. Final DEVP Report submitted to Fiscal Committee on 12/15/15. A second DEVP is planned for 2018. ° Extensive documentation on employee eligibility, benefit plan changes, and termination of benefit plans is available to Agency HR via Sunspot as well as detailed instruction on the routine enrollment of eligible employees and dependents. Documentation supporting benefit eligibility and changes are maintained in the employee personnel file. 	Completed on July 31, 2015	●●●●	

		Limit the number of individuals authorized to make enrollment changes to the health benefit plan. All authorized individuals should be appropriately trained. Conduct periodic review of authorized access.	<ul style="list-style-type: none"> ◦ HR training completed for largest State agencies that are designated to complete their own benefit enrollments. All other agencies forward benefit enrollment materials to RMU Benefit Staff for processing. Agency staff has access to detailed NHFirst user instructions via Sunspot. RMU updates instructions as needed. ◦ NHFirst functionality provides ability to research entries to system via Benefit Audit History, providing information such as record entry date and user initiating change. ◦ RMU implemented benefits automation rules that automatically update benefits status as appropriate based on personnel action transactions made to employee level records. ◦ FDM manages access to NHFirst and limits access to benefits modules to only appropriate HR agency benefits staff, as designated by DOP. ◦ FDM also implemented an employee termination checklist process to allow for timely notification to FDM to limit terminated employee access to NHFirst. An audit compliance report has been developed by FDM and is routinely reviewed with DOP. 	Completed	●●●●	
3	Service Organization Control Reports (SOC-1 Reports)	Expand documented review of each SOC-1 Reports to understand the scope and effectiveness of controls over outsourced operations.	Developed written procedures for vendor SOC-1 reviews and development of complementary control matrixes for SOC-1 reviews completed.	Completed	●●●●	.
4	Controls Over Revenue	Establish policies and procedures to ensure revenues are complete and accurately collected, reported and recorded.	<ul style="list-style-type: none"> ◦ All HBP revenue sources are reconciled monthly by RMU finance. ◦ RMU has developed and documented policies and procedures for reconciliation of all monthly HBP revenue sources. 	Completed	●●●●	

		Establish review and approval controls that verify the completeness and accuracy of revenues. Reconcile NHRS subsidy revenue for accuracy.	<ul style="list-style-type: none"> ◦ Monthly NHRS subsidy revenue reconciliation processes developed and procedures drafted. ◦ Monthly reconciliation of NHRS retiree health enrollment to NHFirst retiree enrollment process developed and procedure drafted. ◦ NHRS completed an extensive audit three years ago and each retiree's record is audited as they are enrolled in the retiree health plan to determine eligibility. NHRS and RMU are working together to improve the current reconciliation process used to verify the completeness and accuracy of the subsidy revenue on a monthly basis. 	Completed	●●●●	
5	Revenue Reconciliation	Develop policies and procedures for the timely follow up and resolution of significant variances identified by control activities.	<ul style="list-style-type: none"> ◦ Developed written procedures of monthly revenue reconciliation process for HBP revenue sources. Different revenue reconciliation processes require follow up with different internal departments and/or HBP vendors. Each drafted revenue source procedure includes a process for timely follow up and resolution of revenue variances. ◦ Procedures put in place for detection of revenue variances. ◦ RMU and Bureau of Accounts work together to resolve variances. 	Completed	●●●●	
6	Health Benefit Policies and Procedures	Establish policies and procedures for all significant aspects of the health benefit plan.	<ul style="list-style-type: none"> ◦ RMU is in process of identifying, developing and documenting written procedures regarding the significant aspects of the health benefit plan including the application process for retiree health. ◦ Processes in place to administer HBP. 	Ongoing	●●	Subject to limited staff and other resources.
7	Health Benefit Book	Publish all health benefit booklets in a timely manner.	<ul style="list-style-type: none"> ◦ Vendor project plans include timely publication of benefit books. Updated Medical, Pharmacy, Dental, and HRA benefit booklets were posted timely in 2016 and 2017. 	Completed	●●●●	

			° Summary plan descriptions and “Benefits 101” presentation are available online.			
8	Working Rates	Implement evidenced review and approval control over the acceptance of actuarially determined working rates.	Developed written policies and procedures for evidence based review and approval control over the acceptance of actuarially determined working rates.	Completed	●●●●	
9	Accounts Receivable Policies and Procedures	Develop policies and procedures for accounting and reporting accounts receivable to provide guidance for consistent reporting.	° Developed written policies and procedures. ° Processes in place to document accounts receivable.	Completed	●●●●	
10	Financial Activity in The Appropriate Fund	Work with DAS, State agency, and the Legislature to develop policies and procedures for accurate financial reporting for the General Fund.	° Since Employment Security is federally funded, BOA will continue to invoice the post-retirement rate to the agency. BOA and RMU will continue to review the funding of each self-funded agency if there are changes. ° As of FY2016, Liquor Commission became a self-funded agency and invoiced for their monthly retiree health premiums. ° RMU met with the Assistant Commissioner, DAS Budget Supervisor, and DAS CFO to review if post-retirement revenue is best classified and deposited as unrestricted general funds in the budget. The team will meet with BOA in preparation for the next biennium budget process to better understand the differences between budgeted and actual post retirement revenue.	Ongoing	●●●	Subject to limited staff and other resources.
11	Transfer of Payroll Costs Policies and Procedures	Establish policies and procedures for timely payroll transfers, as directed by Chapter 1:9.	RMU developed written policies and procedures for payroll transfers. Payroll transfers are conducted timely.	Completed	●●●●	DAS requested repeal of Chapter 1:9 (Laws of 2009); not repealed in 2015 legislative session.
12	Workers’ Compensation to Internal Service Fund	Review the policies and procedures for posting workers’ compensation revenues to the Internal Service Fund. Ensure revenues continue to be posted timely.	° DAS manual addresses posting workers’ compensation revenues. ° Timely posting of revenue occurs now that office is fully staffed.	Completed	●●●●	

13	Changes to Collective Bargaining Agreement	Put changes to the CBA in writing with the agreement to the changes by Labor and Management.	DAS will work with the unions to put all CBA changes in writing.	Completed	●●●●	
14	Required Reporting	Submit timely reports of the self-funded Health Benefit program to the Fiscal Committee every 60 days, as required by Chapter 319:32.	Timely reports are filed.	Completed	●●●●	
15	RSA 21-I Administrative Rules	Establish the administrative rules requires by RSA 21-I:14.	Policies and procedures to be developed.	Ongoing	●●	Subject to limited staff and other resources.